

and premium (if any) shall thereupon cease and terminate, and the sole right of such Holders in respect of such principal, interest and premium (if any) shall thereafter be against such sum of money retained by the Trustee. If the principal of or any interest or premium on any Parity Security shall not be paid within a period of ten (10) years following the date when such principal, interest or premium first becomes due, whether by maturity or otherwise, the Trustee shall, subject to the provisions of any applicable escheat or other similar law, pay to the County any moneys theretofore retained by it for the payment of such principal, interest or premium. After the payment to the County of any moneys retained by the Trustee for the payment of any principal of or interest or premium on any of the Parity Securities, such principal, interest or premium shall (subject to the defense of any applicable statute of limitation) be an unsecured obligation of the County.

Section 18.5 Payments Not Due on Business Day. In any case where the date of maturity of the principal of or the interest or premium (if any) on the Parity Securities, or the date fixed for redemption of any Parity Securities, shall not be a Business Day, then payment of such principal, interest and premium (if any) need not be made on such date, but may be made on the next succeeding Business Day, with the same force and effect as if made on such date of maturity or such date fixed for redemption, and no interest shall accrue for the period after such date of maturity or date fixed for redemption, as the case may be.

Section 18.6 Form of Requests, etc., by Parity Securityholders. Any request, direction or other instrument required to be signed or executed by Parity Securityholders may be in any number of concurrent instruments of similar tenor, signed, or executed in person or by agent appointed in writing. Such signature or execution may be proved by the certificate of a notary public or other officer at the time authorized to take acknowledgments to deeds to be recorded in the State of Alabama, stating that the signer was known to him and acknowledged to him the execution thereof.

Section 18.7 Notice to Rating Agencies. The Trustee shall give written notice of any Supplemental Indenture or any other modification to documents or agreements respecting the rights or duties of the County or the Trustee with respect to any of the Parity Securities to each Rating Agency that has outstanding a rating with respect to any of the Parity Securities. Such notice shall be given to each Rating Agency within five Business Days after the date on which the Supplemental Indenture, amendment or modification requiring such notice shall become effective.

Section 18.8 Severability. In the event any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 18.9 **Article and Section Captions.** The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

Section 18.10 **Indenture Governed by Alabama Law.** The Indenture shall in all respects be governed by and construed in accordance with the laws of the State of Alabama.

Section 18.11 **Binding Effect.** The Indenture shall inure to the benefit of, and shall be binding upon, the County and the Trustee and their respective successors and assigns.

IN WITNESS WHEREOF, the County has caused this Indenture to be signed in its name by the President of the Governing Body and its official seal to be hereunto affixed and the said seal to be attested by the Minute Clerk of the Governing Body, and the Trustee, to evidence its acceptance of the trusts hereby created, has caused this Indenture to be executed in its corporate name and behalf by its duly authorized officer and its corporate seal to be hereunto affixed and the said seal to be attested by its duly authorized officer, all of whom are hereunto duly authorized, and the parties hereto have caused this Indenture to be dated as of February 1, 1997, although actually executed and delivered on February __, 1997.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk
of the County Commission

[S E A L]

AMSOUTH BANK OF ALABAMA

By _____

Its _____

ATTEST:

Its _____

[S E A L]

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that MARY BUCKELEW, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, she, as such officer and with full authority, executed the same voluntarily for and as the act of said County.

GIVEN under my hand and seal, this _____ day of February, 1997.

[NOTARIAL SEAL]

Notary Public

My Commission Expires: _____

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that _____, whose name as _____ of AMSOUTH BANK OF ALABAMA, an Alabama banking corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said banking corporation.

GIVEN under my hand and seal, this _____ day of February, 1997.

[NOTARIAL SEAL]

Notary Public

My Commission Expires: _____

(6) for the Fixed Rate Period, the February 1 or August 1 next succeeding the Fixed Rate Conversion Date and each February 1 and August 1 thereafter; but if the February 1 or August 1 next succeeding the Fixed Rate Conversion Date occurs less than 21 days after the Fixed Rate Conversion Date, the first Interest Payment Date shall be the second such date following the Fixed Rate Conversion Date;

(7) the Fixed Rate Conversion Date;

(8) any day on which Series 2002-C Warrants are subject to mandatory tender for purchase pursuant to Section 5.3 or 5.4 of the Sixth Supplemental Indenture or redemption pursuant to Section 5.1 of the Sixth Supplemental Indenture;

(9) the Stated Maturity of the Series 2002-C Warrants; and

(10) with respect to Bank Warrants, the first Business Day of each month and the date on which such Bank Warrants are remarketed and cease to be Bank Warrants.

If any Interest Payment Date is not a Business Day, the interest due on such date shall be payable on the next succeeding Business Day with the same effect as if payment was made on such Interest Payment Date.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this warrant is registered at the close of business on the Regular Record Date for such interest, which shall be the Business Day next preceding any Interest Payment Date for Series 2002-C Warrants in the Daily Rate Mode, the Weekly Rate Mode or the Commercial Paper Rate Mode, or the 15th day (whether or not a Business Day) of the month next preceding any Interest Payment Date for Series 2002-C Warrants in the Term Rate Mode or Fixed Rate Mode. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and shall be paid to the person in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of such Special Record Date being given to Holders of the Series 2002-C Warrants not less than 10 days prior to such Special Record Date.

Payment of principal, premium (if applicable) and interest on this warrant and payment of the Purchase Price of this warrant due upon optional or mandatory tender shall be made by the applicable method specified in the Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$839,500,000 and designated Sewer Revenue Refunding War-

FIRST SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

AMSOUTH BANK OF ALABAMA

Dated as of March 1, 1997

Relating to

\$296,395,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Warrants
Series 1997-D**

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between
JEFFERSON COUNTY, ALABAMA
and
AMSOUTH BANK OF ALABAMA

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FIRST SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **AMSOUTH BANK OF ALABAMA**, an Alabama banking corporation in its capacity as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrants"). The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants (herein together called the "Outstanding Parity Securities") were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System").

Under the provisions of Article X of the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with the Outstanding Parity Securities, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and of financing the costs of acquiring and constructing capital improvements to the System. No such Additional Parity Securities have heretofore been issued by the County.

The County proposes to sell and issue the Series 1997-D Warrants hereinafter referred to in order to obtain funds to pay the costs of capital improvements to the System. The County has, by proper official action and pursuant to the provisions of the Original Indenture, duly authorized said Series 1997-D Warrants, which are to be secured by the Original Indenture, as hereby supplemented, on a parity with the Outstanding Parity Securities. This First Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 1997-D Warrants and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS

FIRST SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 1997-D Warrants (the holders of said Series 1997-D Warrants evidencing their consent

hereto by the acceptance of said Series 1997-D Warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 **New Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used in this First Supplemental Indenture, shall have the following respective meanings:

"First Supplemental Indenture" or **"this First Supplemental Indenture"** means this First Supplemental Indenture.

"Series 1997-D Insurance Policy" means the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Series 1997-D Warrants.

"Series 1997-D Warrants" means the County's Sewer Revenue Warrants, Series 1997-D, authorized to be issued in the aggregate principal amount of \$296,395,000.

"1997 Construction Fund" means the Jefferson County Sewer System 1997 Construction Fund created in Section 3.2 hereof.

"1997 System Improvements" means the System Improvements, the costs of which are to be financed, in whole or in part, through the issuance of the Series 1997-D Warrants.

Section 1.2 **Findings.** The Governing Body has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 1997-D Warrants. In order to comply with the requirements of the Consent Decree entered in those civil actions consolidated in the United States District Court, Northern District of Alabama, and styled *United States of America v. Jefferson County, Alabama, et al.*, Civil Action No. 94-G-2947-S, and *R. Allen Kipp, Jr., et al. and Cahaba River Society, Inc. v. Jefferson County, Alabama, et al.*, Civil Action No. 93-G-2492-S, and to otherwise provide for the expansion and improvement of the System, it is necessary, desirable and in the public interest for the County to issue the Series 1997-D Warrants to finance the costs of acquiring and constructing various System Improvements.

(c) No Default. No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) No Additional Parity Securities Previously Issued. No Parity Securities, other than the Outstanding Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County from the operation of the System except the Outstanding Parity Securities.

(e) Status of Series 1997-D Warrants. The Series 1997-D Warrants are being issued as the "Additional 1997 Parity Securities" (as that term is defined and used in the Original Indenture); consequently, the County is not required to satisfy the requirement of Section 10.2(c) of the Original Indenture as a condition precedent to the issuance of the Series 1997-D Warrants.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this First Supplemental Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 Definitions Contained in the Original Indenture. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this First Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture.

Section 1.5 References to the Parity Securities and the Indenture. The County and the Trustee acknowledge and agree that, from and after the issuance by the County of the Series 1997-D Warrants, any reference in the Original Indenture or in this First Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 1997-D Warrants and any Additional Parity Securities hereafter issued.

The County and the Trustee further acknowledge and agree that, from and after the execution and delivery of this First Supplemental Indenture, any reference in the Original Indenture or in this First Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by this First Supplemental Indenture. The provisions of the Original Indenture, to the extent they are not inconsistent with the provisions hereof, shall also apply to this First Supplemental Indenture.

ARTICLE II

THE SERIES 1997-D WARRANTS

Section 2.1 Authorization and Description of the Series 1997-D Warrants and Places of Payment. Pursuant to the applicable provisions of the Act, and for the purposes of (i) providing for the payment of the costs of the 1997 System Improvements, (ii) providing for a deposit to the Reserve Fund established under the Indenture, and (iii) providing for the payment of the expenses of issuing the Series 1997-D Warrants, there are hereby authorized to be issued by the County \$296,395,000 in principal amount of its Sewer Revenue Warrants, Series 1997-D. The Series 1997-D Warrants shall be dated March 1, 1997, shall be numbered from R1 upwards in the order issued and shall be issued initially in the respective principal amounts of \$5,000 or any greater integral multiple thereof. The Series 1997-D Warrants shall mature and become payable on the dates and in the amounts set forth below and shall bear interest from their respective dates payable on August 1, 1997, and on each February 1 and August 1 thereafter until maturity or earlier redemption at the per annum rates set forth below:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
February 1, 2017	\$ 21,235,000	5.65%
February 1, 2018	22,525,000	5.70
February 1, 2019	23,810,000	5.70
February 1, 2020	25,170,000	5.70
February 1, 2022	51,000,000	5.75
February 1, 2027	152,655,000	5.75

The principal of and the interest on any Series 1997-D Warrant shall bear interest after their respective due dates until paid at the rate of interest borne by the principal of such Series 1997-D Warrant prior to maturity. The Series 1997-D Warrants shall be initially issued and registered in the names of such Holders as shall be designated by the initial purchasers of the Series 1997-D Warrants.

The principal of and the interest and premium (if any) on the Series 1997-D Warrants shall be payable in accordance with the provisions of Section 3.2 of the Original Indenture.

Section 2.2 Optional Redemption of Series 1997-D Warrants. Those of the Series 1997-D Warrants having stated maturities after February 1, 2007, will be subject to redemption and prepayment prior to their stated maturities, at the option of the County, as a whole or in part, on February 1, 2007, and on any date thereafter, at and for the following respective redemption prices (expressed in percentages of the principal amount of each Series 1997-D Warrant or portion thereof to be redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2007, through January 31, 2008	101.0%
February 1, 2008, through January 31, 2009	100.5
February 1, 2009, or thereafter	100.0

The Series 1997-D Warrants may be redeemed only in installments of \$5,000 or any integral multiple thereof. In the event that less than all of the Series 1997-D Warrants of a particular maturity are redeemed and prepaid pursuant to this Section 2.2, the Trustee shall select by lot the Series 1997-D Warrants (or portions of the principal thereof) of such maturity to be redeemed and prepaid. The redemption of Series 1997-D Warrants pursuant to this section shall comply with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 1997-D Warrants to govern in the case of any conflict.

Section 2.3 Scheduled Mandatory Redemption of Series 1997-D Warrants. Those of the Series 1997-D Warrants maturing on February 1, 2022, shall be subject to scheduled mandatory redemption on February 1, 2021, in the principal amount of \$23,000,000. Series 1997-D Warrants in the aggregate principal amount of \$28,000,000 will remain to be paid at their scheduled maturity on February 1, 2022.

Those of the Series 1997-D Warrants maturing on February 1, 2027, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2023	\$ 27,055,000
February 1, 2024	28,650,000
February 1, 2025	30,450,000
February 1, 2026	32,250,000

Series 1997-D Warrants in the aggregate principal amount of \$34,250,000 will remain to be paid at their scheduled maturity on February 1, 2027.

The Series 1997-D Warrants shall be redeemed pursuant to the provisions of this section at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, and such redemption shall be effected in accordance with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 1997-D Warrants to govern in the case of any conflict.

Section 2.4 Purchase of Series 1997-D Warrants for Retirement. The County may at any time and from time to time purchase Series 1997-D Warrants for retirement using funds from any source. Any Series 1997-D Warrants so purchased for retirement shall be delivered by the County to the Trustee, together with a written order of an authorized officer of the

County for their cancellation, whereupon such purchased Series 1997-D Warrants shall be cancelled by the Trustee. The principal amount of any Series 1997-D Warrants maturing on February 1, 2022, or February 1, 2027, that are so purchased by the County and cancelled by the Trustee or redeemed by the County pursuant to Section 2.2 hereof shall be credited against the aggregate principal amount of Series 1997-D Warrants maturing on February 1, 2022, or February 1, 2027, as the case may be, that are required to be redeemed pursuant to the provisions of Section 2.3 hereof on such date or dates succeeding the date on which such purchased or redeemed Series 1997-D Warrants shall be delivered to the Trustee as shall be specified by the County, and the effect of such credit shall be to reduce by the principal amount thereof the aggregate principal amount of Series 1997-D Warrants required to be redeemed on such specified date or dates; provided, however, that no credit in respect of the redemption of Series 1997-D Warrants required on any February 1 shall be allowed for any Series 1997-D Warrants maturing on February 1, 2022, or February 1, 2027, and purchased or redeemed unless the same shall be delivered to the Trustee, or the optional redemption which is the basis for such credit shall be effected, prior to December 15 of the year preceding the year in which such mandatory redemption is to be effected. In the event that the County elects to purchase any Series 1997-D Warrants for retirement, the Trustee may, if requested to do so by the County, solicit for tenders of Series 1997-D Warrants by holders thereof who wish to sell such Series 1997-D Warrants to the County.

Section 2.5 Special Provisions Respecting Partial Redemption of Series 1997-D Warrants. The principal of any Series 1997-D Warrants shall be redeemed only in the amount of \$5,000 or any integral multiple thereof. If less than all the outstanding Series 1997-D Warrants are to be redeemed on any single redemption date pursuant to Section 2.2 hereof, those to be redeemed shall be called for redemption from such maturity or maturities as shall be specified by the County. If less than all the Series 1997-D Warrants of a single maturity are to be called for redemption on any single redemption date, the Trustee shall assign a number or other unique designation to each \$5,000 in principal amount of the Series 1997-D Warrants of such maturity then outstanding and select by lot, from among all such numbers or other unique designations associated with the Series 1997-D Warrants then outstanding, numbers or other unique designations representing an aggregate principal amount equal to the principal amount of the Series 1997-D Warrants of such maturity to be so called for redemption, whereupon there shall be called for redemption an amount of the unpaid principal of each Series 1997-D Warrant of such maturity equal to the principal amount represented by the numbers or other unique designations related thereto that were so selected.

Section 2.6 Form of Series 1997-D Warrants. The Series 1997-D Warrants and the Trustee's authentication certificate and the form of assignment and related signature guaranty applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Form of Series 1997-D Warrant]

No. R _____

\$ _____

UNITED STATES OF AMERICA
STATE OF ALABAMA
JEFFERSON COUNTY, ALABAMA
SEWER REVENUE WARRANT
Series 1997-D

Interest Rate _____

Maturity Date _____

CUSIP _____

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (herein called the "County"), hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to _____, or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

on the maturity date specified above, with interest thereon from the date hereof until the maturity hereof at the per annum rate specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on August 1, 1997, and semiannually thereafter on each February 1 and August 1 until maturity or earlier redemption. The principal of and the premium (if any) on this warrant shall be payable in lawful money of the United States of America at the principal corporate trust office of AmSouth Bank of Alabama, Birmingham, Alabama, or its successors as Trustee under the Indenture hereinafter referred to, and the interest payable on this warrant on each interest payment date shall be remitted, by the Trustee hereinafter referred to, by check or draft mailed or otherwise delivered to the registered holder hereof at the address shown on the registry books of the said Trustee. The principal of and the interest and premium (if any) on this warrant shall bear interest after their respective due dates until paid at the per annum rate shown above.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$296,395,000 and designated Sewer Revenue Warrants, Series 1997-D (herein called the "Series 1997-D Warrants"). The Series 1997-D Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (herein called the "Original Indenture"), between the County and AmSouth Bank of Alabama, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"). The County has heretofore issued under the Original Indenture \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated

February 15, 1997 (all of which are herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture.

The Series 1997-D Warrants having stated maturities after February 1, 2007, are subject to redemption and prepayment prior to maturity, at the option of the County, as a whole or in part, from such maturity or maturities as shall be specified by the County, on February 1, 2007, and on any date thereafter, such redemption to be at and for the following respective redemption prices (expressed as a percentage of the principal amount redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2007, through January 31, 2008	101.0%
February 1, 2008, through January 31, 2009	100.5
February 1, 2009, or thereafter	100.0

The Series 1997-D Warrants having a stated maturity on February 1, 2022, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2021	\$ 23,000,000
February 1, 2022 (maturity)	28,000,000

The Series 1997-D Warrants having a stated maturity on February 1, 2027, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2023	\$ 27,055,000
February 1, 2024	28,650,000
February 1, 2025	30,450,000
February 1, 2026	32,250,000
February 1, 2027 (maturity)	34,250,000

If less than all of the outstanding Series 1997-D Warrants of a particular maturity are to be called for redemption, the Series 1997-D Warrants (or principal portions thereof) to be redeemed shall be selected by the Trustee by lot in the principal amounts designated to the Trustee by the County or otherwise as required by the Indenture. In the event any of the Series 1997-D Warrants are called for redemption, the Trustee shall give notice, in the name of the

County, of the redemption of such Warrants, which notice shall state that on the redemption date the Series 1997-D Warrants to be redeemed shall cease to bear interest. Such notice shall be given by mailing a copy thereof by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the holders of the Series 1997-D Warrants to be redeemed at the addresses shown on the registration books of the Trustee; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of the redemption of any of the Series 1997-D Warrants for which notice was properly given. Any Series 1997-D Warrants which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the date fixed for redemption and shall thereafter cease to be entitled to any lien, benefit or security under the Indenture.

Under the Indenture, the Outstanding Parity Securities and the Series 1997-D Warrants are equally and ratably secured by a pledge of certain revenues from the sanitary sewer system of the County (herein, as it may at any time exist, called the "System") that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 1997-D Warrants with respect to the pledge of the aforesaid revenues from the System (the Outstanding Parity Securities, the Series 1997-D Warrants and all such additional securities being herein together called the "Parity Securities").

The holders of the Parity Securities shall never have the right to demand payment of the Parity Securities out of any funds raised or to be raised by taxation or from any source whatsoever, except the payments and amounts described in this warrant and the Indenture. Except for the revenues from the System and the other moneys that may be held by the Trustee under the Indenture, no property of the County is encumbered by any lien or security interest for the benefit of the holder of this warrant. Neither the faith and credit, nor the taxing power, of the State of Alabama or the County, or any other public corporation, subdivision or agency of the State of Alabama or the County, is pledged to the payment of the principal of or the interest or premium (if any) on this warrant.

The transfer of this warrant shall be registered upon the registration books kept at the principal corporate office of the Trustee, at the written request of the holder hereof or his attorney duly authorized in writing, upon surrender of this warrant at said office, together with a written instrument of transfer satisfactory to the Trustee duly executed by the holder hereof or his duly authorized attorney. Upon payment of any required tax or other governmental charge, this warrant may, upon the surrender hereof at the principal corporate trust office of the Trustee, be exchanged for an equal aggregate principal amount of Series 1997-D Warrants of the same maturity in any other authorized denominations.

The Trustee shall not be required to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect hereto. In the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Trustee shall not be required to transfer or exchange this warrant during the period of thirty days next preceding the date fixed for such redemption and prepayment.

Except as provided in the Indenture, the registered holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto.

With certain exceptions as provided therein, the Indenture may be modified or amended only with the consent of the holders of a majority in aggregate principal amount of all Parity Securities outstanding under the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Trustee, for the provisions thereof concerning the nature and extent of the rights, duties and obligations of the County, the Trustee and the holders of the Parity Securities. The registered holder of this warrant, by the acceptance hereof, is deemed to have agreed and consented to the terms and provisions of the Indenture.

The County and the Trustee may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes, whether or not any principal of or interest on this warrant is overdue, and neither the County nor the Trustee shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required by the constitution and laws of the State of Alabama to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this warrant, do exist, have happened and have been performed in regular and due form as required by law.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the County in his individual capacity, and neither the members of the governing body of the County, nor any official executing this warrant, shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance or sale of this warrant.

This warrant shall not be entitled to any right or benefit under the Indenture, or be valid or become obligatory for any purpose, until this warrant shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the County has caused this warrant to be executed in its name and behalf with the facsimile signature of the President of its County Commission, has caused a facsimile of its official seal to be hereunto imprinted, has caused the signature of the aforesaid President to be attested by the Minute Clerk of its County Commission, who has caused a facsimile of her signature to be imprinted hereon, and has caused this warrant to be dated March 1, 1997.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the
County Commission

[S E A L]

AUTHENTICATION CERTIFICATE

DATE OF AUTHENTICATION: _____

This warrant is one of the Series 1997-D Warrants described in the within-mentioned Trust Indenture.

AMSOUTH BANK OF ALABAMA,
as Trustee

By _____
Its Authorized Officer

[Form for Assignment]

FOR VALUE RECEIVED, the undersigned hereby sell, assigns and transfers unto _____ the within warrant and hereby irrevocably constitutes and appoints _____ attorney, with full power of substitution in the premises, to transfer the within warrant on the books kept for registration thereof by the within-mentioned Trustee.

Dated this _____ day of _____, _____.

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears upon the face of the within warrant in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

(Bank, Trust Company or Firm)*

By _____
(Authorized Officer)

Medallion Number: _____

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

Section 2.7 Execution and Delivery of Series 1997-D Warrants. The Series 1997-D Warrants shall be forthwith executed and delivered to the Trustee and shall be authenticated and delivered by the Trustee from time to time upon receipt by the Trustee of an order signed on behalf of the County by the President of the Governing Body requesting such authentication and delivery and designating the Person or Persons to receive the same or any part thereof.

Section 2.8 Application of Proceeds from the Sale of Series 1997-D Warrants. The entire proceeds derived from the sale of the Series 1997-D Warrants shall be paid to the Trustee and promptly thereafter applied by the Trustee for the following purposes and in the following order:

- (a) payment into the Debt Service Fund of that portion of such proceeds (if any) that is allocable to accrued interest;
- (b) payment of the sum of \$763,971.69 to the Bond Insurer;
- (c) payment into the Debt Service Fund of the sum of \$14,193,015.77;
- (d) payment into the Reserve Fund of the sum of \$29,639,500; and
- (e) payment of the balance of such proceeds into the 1997 Construction Fund.

Simultaneously with the issuance of the Series 1997-D Warrants, the County shall cause moneys other than sale proceeds of such warrants in the amount of \$745,335.89 to be deposited in the Reserve Fund.

ARTICLE III

AGREEMENTS RESPECTING CONSTRUCTION OF 1997 SYSTEM IMPROVEMENTS AND USE OF MONEYS IN 1997 CONSTRUCTION FUND

Section 3.1 **Agreement to Construct 1997 System Improvements.** The County will proceed continuously and with reasonable dispatch with the acquisition, construction and installation of the various System Improvements that constitute part of the County's Sanitary Sewer Capital Improvement Program. The County will complete the acquisition, construction and installation of the 1997 System Improvements, including the acquisition of such real estate (and interests therein) as may be necessary therefor, as soon as may be practicable, delays incident to strikes, riots, acts of God and the public enemy and similar acts beyond the reasonable control of the County only excepted. The County will promptly pay, as and when due, all expenses incurred in said acquisition, construction and installation.

Section 3.2 **Creation of 1997 Construction Fund; Purposes for Which Moneys Therein May Be Expended.** There is hereby created a special trust fund, the full name of which shall be the "Jefferson County Sewer System 1997 Construction Fund," for the purpose of providing funds (i) for the acquisition, construction and installation of the 1997 System Improvements and (ii) for the payment of the expenses incurred in connection with the issuance and sale of the Series 1997-D Warrants. The Trustee shall be and remain the depository, custodian and disbursing agent for the 1997 Construction Fund. The moneys in the 1997 Construction Fund shall be paid out from time to time by the Trustee for the following purposes only and only upon presentation of requisitions as described in Section 3.3 hereof:

- (a) payment of the expenses incurred by the County in the issuance and sale of the Series 1997-D Warrants, including the legal, fiscal and recording fees and expenses incurred in connection therewith;
- (b) payment of the reasonable expenses and charges of the Trustee in connection with the 1997 Construction Fund;
- (c) payment for labor, services, materials, supplies and equipment furnished in acquiring, constructing and installing the 1997 System Improvements;
- (d) payment of the costs of acquiring any real estate (including easements and other interests therein) for the construction or installation thereon of any part or parts of the 1997 System Improvements; and
- (e) payment of all expenses (including the fees and expenses of engineers and attorneys and recording fees) incurred in connection with matters referred to in the preceding subsections (c) and (d) of this section.

Section 3.3 **Payments from the 1997 Construction Fund.** All requisitions for disbursements from the 1997 Construction Fund shall be signed by an Authorized County Representative and shall (a) state the amount required to be paid and the name and address of